



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 2, 2003

TO: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: WORK ORDER NO. 6-52 - 1115 WAIVER COMPLIANCE AUDIT

Under the Department of Health Services' (DHS) 1115 Waiver, the County must meet a number of specific State and federal requirements. One of the requirements was for the Department of Public Social Services (DPSS) to implement a simplified process to verify patients' continuing eligibility for Medi-Cal. Under the Redetermination Simplification Pilot Project (SMCRP), Medi-Cal recipients are only required to provide an annual signed declaration indicating whether there were any changes to their finances and household size. Prior to implementation of the SMCRP, recipients had to reapply for coverage each year and provide detailed documentation of income, family status and other information.

The 1115 Waiver requires the County to obtain an independent audit of the SMCRP. At DPSS' request, we contracted under our Master Agreement with Vasquez & Company, LLP, to perform the required audit of SMCRP.

As indicated in the attached report, Vasquez & Company reviewed a sample of 365 SMCRP forms to determine whether patients were submitting complete, signed forms and whether DPSS eligibility workers were following up on reported changes in income as required. The report indicates that 95% of the forms sampled were completed properly by the recipients. Five percent of the forms did not have all required information. In addition, four percent of the forms did not have the required follow-up by DPSS personnel on reported changes in income.

DPSS' response, which is also attached, indicates agreement with the auditor's findings and that the Department will take action to correct the reported problems. DHS has submitted the report and DPSS' response to the State as required by the Waiver.

Please call me if you have any questions, or your staff may call DeWitt Roberts at (626) 293-1101.

JTM:DR:JS

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer, DHS
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

**EXAMINATION REPORT
ON DPSS' COMPLIANCE WITH THE SIMPLIFIED ELIGIBILITY
REDETERMINATION PROCESS UNDER THE
MEDICAID DEMONSTRATION PROJECT AGREEMENT**

FOR REDETERMINATIONS DUE FROM SEPTEMBER 2001 TO AUGUST 2002

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

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INDEPENDENT ACCOUNTANTS' REPORT

To the County of Los Angeles Auditor-Controller:

We have examined Department of Public Social Services (DPSS) compliance with the simplified eligibility renewal process under the Medicaid Demonstration Project Agreement which requires that: (1) Simplified Medi-Cal Redetermination forms (SMCRP – MC210 LA Pilot) should be complete, signed and dated by the beneficiary and (2) Income and property changes reported on the SMCRP forms is supported by Income Eligibility Verification System (IEVS) abstract or alternative documentation provided by the beneficiary, for redeterminations due from the period September 2001 to August 2002. DPSS management is responsible for compliance with those requirements. Our responsibility is to express an opinion on DPSS' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to this engagement contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our examination included examining, on a test basis, evidence about DPSS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide legal determination on DPSS' compliance with specified requirements.

Our examination disclosed that 96% of the SMCRP's reviewed were in compliance with the above specified requirements. Four percent (4%) of the SMCRP's reviewed do not have IEVS abstract or alternative documentation to support changes in income reported by the beneficiary.

In our opinion, except for the noncompliance matters described in the third paragraph, DPSS complied, in all material respects, with the aforementioned requirements for redeterminations due for the period September 2001 to August 2002.

This report is intended solely for the information and use of the County of Los Angeles, the State of California and the Centers for Medicare and Medicaid Services and is not intended to be and should not be used by anyone other than these specified parties. This is not intended, however, to limit distribution of this report as required by the Public Records Act of California.

Vasquez & Co, LLP
Los Angeles, California
March 12, 2003

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
Examination of DPSS' Compliance with the Simplified Eligibility Redetermination
Process under the Medicaid Demonstration Project Agreement**

Schedule of Findings, Recommendations and DPSS Response

Finding No. 1

All information required in the SMCRP form should be provided by the beneficiary. The Eligibility worker (EW) should follow up on missing information by telephone call or by mailing a MC210-LA Pilot Contact Notice to the recipient listing the information that needs to be clarified.

Audit Scope and Methodology

We randomly selected 365 SMCRP forms from the list of cases provided by DPSS from the 3 major DPSS districts, covering redeterminations due from the period September 2001 to August 2002. These samples were tested using the compliance requirements mentioned in our report.

We noted that various information were missing on 19 out of 365 SMCRP forms we reviewed. We did not find written documentation on any follow-up work performed on the missing information. Following are the details of the affected sections from the 19 SMCRP forms filed. Please note that there may be one or more sections missing in one SMCRP form:

SMCRP Form Section	No. of Instances
1 – Income changes	1
2 – Expense and deduction changes	3
3 – Living situation changes	4
4 – Resource changes	3
5 – Immigration/citizenship status changes	3
6 – Blindness/disability/incapacity changes	1
7 – Other health coverage changes	2
8 – Other changes	6
9 – Referrals	4
10 – Continue/Stop Medi-Cal benefits	1

Recommendation No. 1

Since determination of continued eligibility is mainly dependent on the SMCRP form, DPSS should ensure that all required information are provided and any missing information are followed up and clarified.

DPSS Response

The Department agrees with the recommendation. DPSS will reinforce with eligibility staff the need to ensure that all required information on the SMCRP is provided and that any discrepancies are clarified prior to filing the redetermination and approving ongoing eligibility.

Target for reinforcement implementation is May 2003.

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
Examination of DPSS' Compliance with the Simplified Eligibility Redetermination
Process under the Medicaid Demonstration Project Agreement

Schedule of Findings, Recommendations and DPSS Response

Finding No. 2

Income and property changes reported in the SMCRP should be supported by Income Eligibility Verification System (IEVS) abstract, or alternative documentation submitted by the beneficiary and allows for continued eligibility.

Our review showed income changes on 16 out of 365 case samples were not supported by IEVS abstract or alternative documentation to permit determination of continued eligibility.

Recommendation No. 2

DPSS should adhere to established policies and procedures on verifying income and property information reported in the SMCRP forms.

DPSS Response

The Department agrees with the recommendation. DPSS will reinforce the requirement with eligibility staff that all policies and procedures verifying income and property be adhered to and all discrepancies clarified prior to filing the redetermination and approving ongoing eligibility.

Target for reinforcement implementation is May 2003.

County of Los Angeles - Department of Public Social Services
Medicaid Demonstration Project Agreement Compliance Audit
Appendix I - Summary of Audit Results
For SMCRP Forms Due September 2001 to August 2002

		District			Total
		El Monte 04	Belvedere 05	Metro Special 70	
I.	Signed and attested by beneficiary	135	112	118	365
	Cases with missing signature	0	0	0	0
II.	Completed SMCRP form	130	106	110	346
	SMCRP Form with unfilled sections	5	6	8	19
	Section 1 - Income changes			1	1
	Section 2 - Expense and deduction changes			3	3
	Section 3 - Living situation changes		1	3	4
	Section 4 - Resource changes	1	1	1	3
	Section 5 - Immigration/citizenship status changes	1	1	1	3
	Section 6 - Blindness/disability/incapacity changes		1		1
	Section 7 - Other health coverage changes		1	1	2
	Section 8 - Other changes	2	4		6
	Section 9 - Referrals	2	1	1	4
	Section 10 - Continue/Stop Medi-Cal benefits			1	1
III.	Income and Property Verification				
	Supported by IEVS or Alternate Documentation	107	81	100	288
	Undocumented - No Social Security Number	20	29	12	61
	No IEVS or Alternate Documentation	8	2	6	16



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

April 24, 2003

J. Tyler McCauley
Auditor-Controller
1000 South Fremont Avenue, Unit 51
Alhambra, CA 91803

Dear Mr. McCauley:

**THE EXAMINATION REPORT ON DPSS' COMPLIANCE WITH THE SIMPLIFIED
MEDI-CAL REDETERMINATION PROCESS UNDER THE MEDI-CAL 1115
WAIVER AGREEMENT**

Enclosed is my Department's response to the recommendations contained in the final report prepared by the auditing firm, Vasquez and Company on the subject review.

As noted in the response, we agree with both recommendations and plan to begin reinforcement efforts with eligibility staff to meet the compliance areas cited in the report.

Very truly yours,

Bryce Yokomizo
Director

BY:yl

Enclosure

**DPSS RESPONSE TO THE EXAMINATION REPORT ON "DPSS'
COMPLIANCE WITH THE SIMPLIFIED MEDI-CAL REDETERMINATION
PROCESS UNDER THE MEDI-CAL 1115 WAIVER AGREEMENT"**

RECOMMENDATION #1

Since determination of continued eligibility is mainly dependent on the Simplified Medi-Cal Redetermination Project (SMCRP) form, DPSS should ensure that all required information is provided and any missing information is followed up and clarified.

RESPONSE

The Department agrees with the recommendation. DPSS will reinforce with eligibility staff the need to ensure that all required information on the SMCRP is provided and that any discrepancies are clarified prior to filing the redetermination and approving ongoing eligibility.

STATUS

Target for reinforcement implementation - May 2003

RECOMMENDATION #2

DPSS should adhere to establish policies and procedures on verifying income and property information reported on the SMCRP forms.

RESPONSE

The Department agrees with the recommendation. DPSS will reinforce the requirement with eligibility staff that all policies and procedures verifying income and property be adhered to and all discrepancies clarified prior to filing the redetermination and approving ongoing eligibility.

STATUS

Target for reinforcement implementation - May 2003